

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.2300 Illinois Net Loss Deduction for Losses Occurring On or After December 31, 1986 (IITA 207)

TITLE 86: REVENUE

**PART 100
INCOME TAX**

**SUBPART D: ILLINOIS NET LOSS DEDUCTIONS OCCURRING ON OR
AFTER DECEMBER 31, 1986**

Section 100.2300 Illinois Net Loss Deduction for Losses Occurring On or After December 31, 1986 (IITA 207)

- a) In General - For taxable years ending on or after December 31, 1986, IITA Section 207 provides for computation of Illinois net losses for corporations (including Subchapter S Corporations), trusts, estates and partnerships. If, after applying all of the modifications provided for in IITA Sections 203(b)(2), 203(c)(2) or 203(d)(2) and the allocation and apportionment provisions of IITA Article 3, the taxpayer's net income results in an Illinois net loss, such loss shall be allowed as a carryback or carryover deduction in the manner allowed under Section 172 of the Internal Revenue Code, as in effect during the loss year for tax years ending prior to December 31, 1999. For losses incurred in tax years ending on or after December 31, 1999, the Illinois net loss is allowed as a carryback to the 2 preceding taxable years and as a carryforward to the 20 succeeding tax years. The rules for members of a unitary business group are set out in Sections 100.2340 and 100.2350. Sections 100.2200 through 100.2250 which also relate to net operating losses of unitary business groups are only applicable to losses incurred in taxable years ending prior to December 31, 1986. Section 100.9410(f) sets forth the statute of limitations for reporting an Illinois net loss carryback. An Illinois net loss deduction is not available for individuals. Losses incurred by individuals are recognized for Illinois tax purposes in the computation of adjusted gross income for federal tax purposes.

- b) Definitions
 - 1) "Illinois net loss" means the amount of loss determined under IITA Section 207. That is, it is the amount of loss, if any, after applying the modifications and allocation and apportionment provisions of the Act, as calculated for tax years occurring on or after December 31, 1986.

 - 2) "Illinois net loss deduction" means the deduction which may be carried pursuant to IITA Section 207.

 - 3) "Net operating loss" means either: The amount of net operating loss determined for federal tax purposes; or for losses occurring prior to December 31, 1986, the amount recognized for Illinois tax purposes.

- 4) "Net operating loss deduction" means either: The amount of deduction recognized for federal tax purposes; or for losses occurring prior to December 31, 1986, the amount recognized for Illinois tax purposes.
- 5) The following terms have the following meanings: NOL - Net Operating Loss
NOLD - Net Operating Loss Deduction corp. - corporation Treas. - Treasury
Reg. - Regulation Sec. - Section Apport. - Apportionment Ill. - Illinois sep. -
separate comb. - combined
- c) Treatment of capital losses of corporations. The treatment of capital losses is separate and apart from the rules governing Illinois net losses and Illinois net loss deductions. Capital losses will continue to be governed by federal provisions. For federal purposes, capital losses are permitted only to the extent of capital gains and the carryback of capital losses is permitted only to the extent of capital gains in the carryback year. Since the federal carryback of capital losses changes federal taxable income, Illinois claims for refund based on such a federal change are permitted pursuant to IITA Section 506(b). A change in federal taxable income resulting from a federal capital loss carryback would be given effect before applying an Illinois net loss deduction to the same year.

(Source: Amended at 24 Ill. Reg. 10593, effective July 7, 2000)